

State sues federal government over funds awarded in drug lawsuits

A recent move by the federal government to claim millions awarded to, but not yet received by the state of Alabama in lawsuits against pharmaceutical companies will have a “chilling effect” on states seeking to fight fraudulent and abusive practices of Medicaid providers, Medicaid Commissioner Carol Steckel said.

The issue is at the center of a lawsuit filed by the state of Alabama over the federal government’s claim for nearly half of the \$282 million in jury awards and settlements resulting from lawsuits filed against pharmaceutical companies for inflating the price paid by Medicaid for drugs.

Alabama Attorney General Troy King filed suit against the Centers for Medicare and Medical Services (CMS) in federal court in Montgomery on November 3. He said the move was prompted by an October 28 letter sent to Alabama Medicaid Agency by Herb Kuhn, CMS deputy administrator.

“His (Kuhn’s) agency demanded payment of the federal share of any amounts won by the state of Alabama within 60 days of the entry of a finding of liability, trying to confiscate monies that are being contested on appeal, and of which, Alabama has yet to receive even one dime itself,” said King in a news conference announcing the lawsuit.

“This is a situation where CMS officials could have worked with the states to develop a win-win scenario,” said Steckel, who is also chair of the National Association of State Medicaid Directors. “Instead, we believe they have not only exceeded their authority in issuing this letter, but have also created a financial disincentive for state Medicaid agencies to tackle fraud and abuse.”

King says the lawsuit takes action on behalf of Alabamians who depend on Medicaid and its scarce resources for their medicine and treatments.

“CMS shamelessly seeks to take the funds that would have made Alabama whole from the very neediest and most vulnerable of all our citizens—our poor, our disabled, our children and our elderly,” said King.